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CANADA

*File*

# LYTTON MINERALS LIMITED

ANNUAL  
REPORT  
1969

U.S.A.

MEXICO



## **LYTTON MINERALS LIMITED**

*(Incorporated under the laws of British Columbia)*

### **Directors**

G. H. DUFF  
W. C. HOWARD  
E. KOBLANSKI  
J. W. LAY  
B. C. MACDONALD  
S. P. OGRYZLO  
R. A. WHITE

### **Officers**

E. KOBLANSKI, *President*  
J. W. LAY, *Secretary*  
F. VAN DE WATER, *Treasurer*

### **Head Office**

602 West Hastings Street, Vancouver

### **Registrar and Transfer Agent**

Guaranty Trust Company of Canada

### **Auditors**

Deloitte, Plender, Haskins & Sells

### **Solicitor**

R. A. White



## Directors' Report

The year ended April 30, 1969 was an active one for your Company. Exploration efforts were substantially expanded with the result that expenditures also increased and totalled \$582,000 compared with \$249,000 during the year ended April 30, 1968. As in the past year, the major part of the expenditures has been made on the La Verde properties in Mexico where results of exploration and development offer encouragement for the development of a low-grade open-pit copper operation.

At the meeting to be held on August 25, 1969, the shareholders will be asked to approve the application to amend the Memorandum of Association to provide for the increase of the authorized capital from four million to five million shares.

This will enable your Directors to finance the expanding programme of exploration on the La Verde properties.

### MEXICO

Your Company has an option to purchase in its name, and in the names of Mexican citizens or companies designated by it, all of the shares of a Mexican company known as Minas del Otoño, S.A. (MINOSA) which owns the La Verde mine and adjacent properties located 30 miles south of Uruapan, State of Michoacán, Republic of Mexico. The mine was worked intermittently in a small way for many years until 1967 when the property was optioned by your Company. It is 2.5 miles from a paved highway, 1.7 miles from the national railway and a high tension power line which is being built by the federal power commission will cross the property. In the light of favourable exploration results the mineral holdings were substantially increased during the year and now total 9,045 acres in a contiguous group measuring approximately 5.3 miles by 2.9 miles.

The properties cover a range of hills composed of an intrusive complex of diorite, monzonite, quartz-feldspar porphyry and minor gabbro which projects through a cover of recent volcanic sediments. In places the intrusives are extensively fractured and brecciated and highly altered. Mineralization consists of chalcopyrite, bornite, pyrite and minor molybdenite and occurs as disseminations, stringers and veins in all of the rocks, but principally the monzonite breccia and diorite.

### *Exploration Completed*

In the past two years the following work has been completed:

- (a) Topographic mapping of an area of 2,372 acres to scale of 1:1000.
- (b) Geological mapping of the known mineralized areas.
- (c) A magnetometer survey, an Induced Potential survey and a soil geochemical survey over an area of 610 acres.
- (d) Underground tunnelling in two adits totalling 2,109 feet of advance.
- (e) Surface diamond drilling in 22 holes totalling 13,935 feet of drilling.
- (f) Underground diamond drilling in four holes totalling 770 feet of drilling.
- (g) Surface percussion drilling in 50 holes totalling 6,880 feet of drilling.
- (h) Underground percussion drilling in 52 holes totalling 5,932 feet of drilling.

### *Exploration Results*

The Induced Potential survey indicated ten anomalies in the areas covered, with two having lengths of more than 2,000 feet and four others of 800 to 1,000 feet. Several of the anomalous areas were not fully delimited. Five of the anomalies are on the East Hill, in the vicinity of the La Verde mine workings, and five are on the West Hill, which is about one mile to the west. The property location and the anomalies are indicated on the accompanying map.

The soil geochemical samples showed large parts of the areas surveyed to be anomalous for copper, with values in excess of 1,000 parts per million over background being associated with all Induced Potential anomalies. The anomalies on the West Hill are particularly prominent although little previous exploration has been done in this area. The magnetometer survey outlined the more basic phases of the intrusive complex. The Induced Potential and soil geochemical anomalies and the known mineralization are generally in areas of low magnetic susceptibility.

Underground exploration has been confined to extensions of the La Verde mine workings on the East Hill. The east heading on the lower adit was driven 450 feet and the north heading 650 feet so that the main deposit could be delimited by percussion and diamond drilling. Also, a new adit, 1,000 feet northwest of the lower adit portal, has been driven eastward 800 feet to intersect the north crosscut on the lower adit and to explore and outline a zone of copper mineralization that was indicated by surface drilling in this area.

Surface diamond drilling has been carried out on five of the anomalous zones with five remaining to be tested. Most of the drilling has been in the La Verde mine area on anomaly No. 1 on the East Hill, and on the West Hill where a second important area of copper mineralization is indicated.



## Orebodies

### East Hill

In the La Verde mine (No. 1 anomaly) underground tunnelling and percussion diamond drilling from the lower adit (ranging from 0 to 500 feet below surface) have indicated an orebody as follows:

<u>Ore Area</u>	<u>Explored Length</u>	<u>Indicated Ave Width</u>	<u>Tons per Vertical Ft.</u>	<u>Ave % Cu</u>
No. 1	650 ft.	270 ft.	14,650	1.1

The deposit has not been completely delimited and its vertical extent has not been established. Three inclined holes drilled under the adit did not cut ore but it now appears that the orebody plunges to the north and lies above these drill holes.

Some 370 feet to the north of the main La Verde orebody a second zone of copper mineralization, at least 240 feet long by 190 feet wide, was intersected by the north crosscut and in the new adit driven eastward. Insufficient work has been done to permit a tonnage estimate but face and muck samples have averaged 0.85 percent copper. Two surface holes, 175 feet apart, drilled into this orebody averaged 0.77 percent copper over 438 feet and 0.76 percent copper over 136 feet, the holes being inclined at  $-60^\circ$  and  $-45^\circ$ , respectively.

A third area of copper mineralization has been indicated by geophysical surveys and two diamond drill holes 850 feet to the north of the main La Verde orebody. Intersections of 0.37 percent copper over 253 feet and 0.45 percent copper over 406 feet were obtained in these holes. This zone will be investigated by underground tunnelling and drilling.

### West Hill

In the area of the No. 7 anomaly on the West Hill eight holes drilled over a strike length of 1,000 feet to explore a coincident geochemical and I.P. anomaly have indicated two orebodies at a depth of about 550 feet below surface, as follows:

<u>Ore Area</u>	<u>Explored Length</u>	<u>Indicated Ave Width</u>	<u>Tons per Vertical Ft.</u>	<u>Ave % Cu</u>
7A	1125 ft.	144 ft.	13,500	0.64
7B	380	54	1,700	1.91
Total			15,200	0.78

The orebodies are separated by about 200 feet of waste and are not completely delimited. The vertical extent of the deposit remains to be determined, but some of the ore intersections covered a vertical range of 400 feet. Two of the holes at a higher horizon show weaker intersections (2.64 percent over 20 feet and 0.35 percent over 355 feet) and one hole, now drilling at a deeper horizon, is showing a strong intersection. Additional diamond drilling will be done in this area and the zone will be explored underground.

Also on the West Hill one hole drilled into the No. 8 anomaly, 1,000 feet to the south of the No. 7 anomaly ore zone, returned intersections of 0.79 percent over 20 feet, 0.42 percent over 47 feet and 1.79 percent over 55 feet. This area will also be explored by additional drilling and some underground work.

Two other anomalous areas showing interesting alteration and copper mineralization will be explored by surface diamond drilling and underground tunnels if warranted.

In addition to the extensive additional exploration that is required in the ore areas and in the areas of the untested anomalies to establish the ore tonnage potential in these areas, considerable work remains to be done on the unsurveyed and little prospected portions of the properties which are underlain by the favourable intrusive complex.

## CANADA

In northern British Columbia your Company, in partnership with Mitsui Mining and Smelting Company, completed 37 additional holes totalling 21,726 feet in the exploration of the low-grade porphyry copper deposit on the property of Deas Lake Mines Ltd., near Dease Lake. This work increased the indicated tonnage to 20,000,000 tons grading 0.44 percent copper. Lytton also carried out prospecting and exploration programs in northern British Columbia and the Yukon.

Two field parties conducted prospecting for uranium and base metals in northern Saskatchewan but nothing of interest was located.

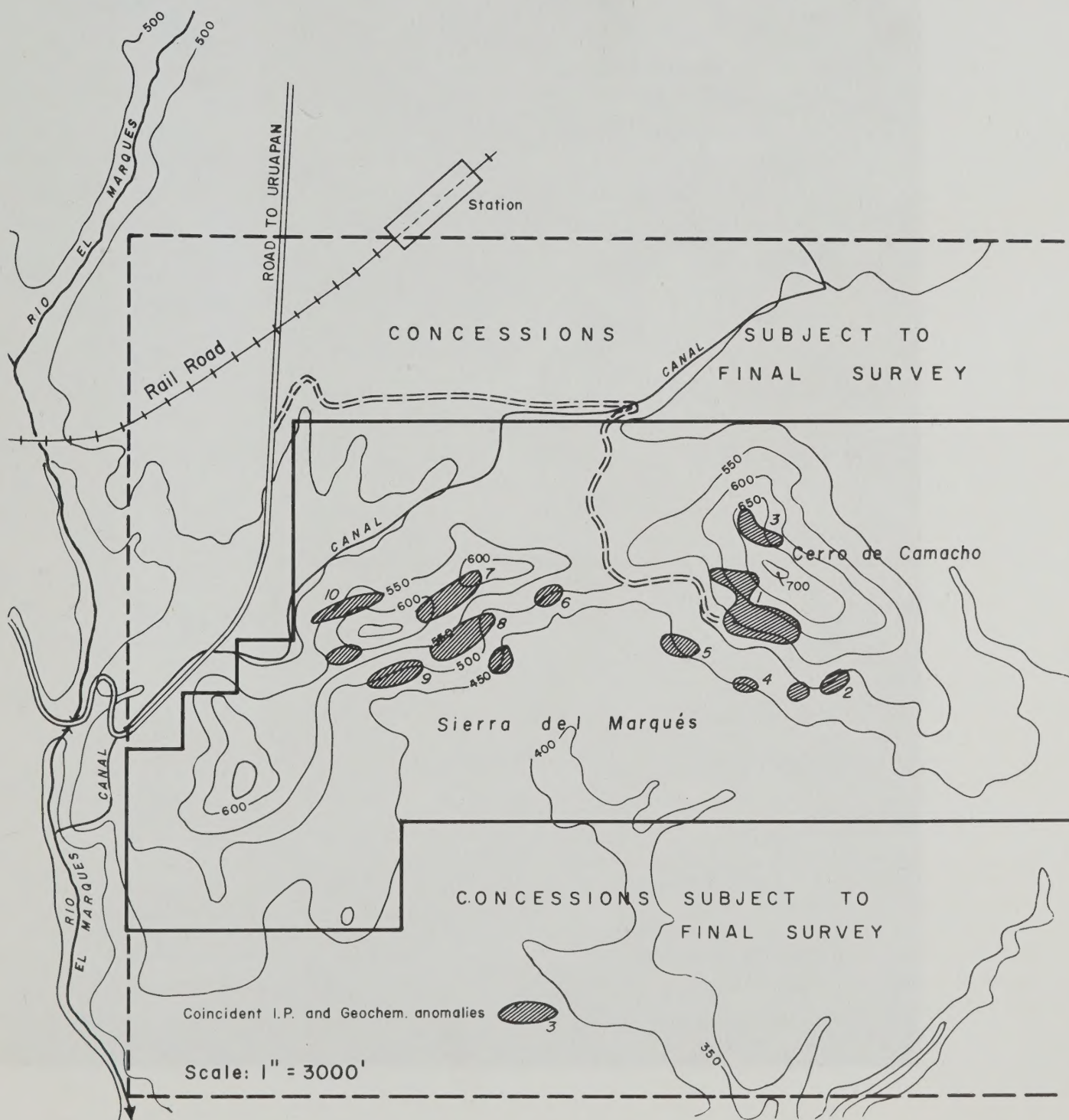
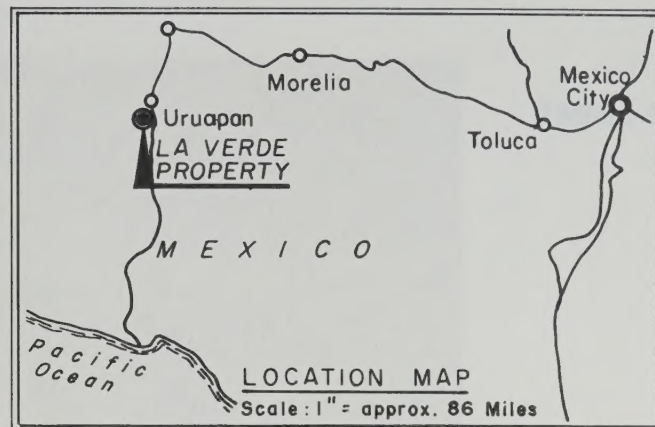
On behalf of the Board of Directors

*E. Koblenz*

President.

Vancouver  
July 25, 1969







# LYTTON MINERALS LIMITED

## Balance Sheet

### Assets

	April 30 1969	April 30 1968
<b>Current Assets</b>		
Cash .....	\$ 24,766	\$ 3,332
Short-term securities .....	280,000	260,000
Accounts receivable — associated company .....	1,721	34,603
— other .....	1,785	72
	<u>308,272</u>	<u>298,007</u>
<b>Investments in Mining Projects</b>		
Minas del Otoño, S.A.		
Option to purchase shares .....	93,877	4,310
Advances .....	422,210	92,548
Direct expenditures .....	116,580	93,703
Deas Lake Mines Ltd.		
Shares .....	139,472	139,472
Loans .....	189,900	90,000
Joint venture .....	7,220	18,656
	<u>969,259</u>	<u>438,689</u>
<b>Fixed Assets, at cost</b>		
Automotive and survey equipment .....	11,068	6,872
Less: Accumulated depreciation .....	6,204	3,772
	<u>4,864</u>	<u>3,100</u>
<b>Other Assets</b>		
Exploration and development expenditures, at cost less amount written off .....	126,022	135,722
	<u>\$1,408,417</u>	<u>\$ 875,518</u>

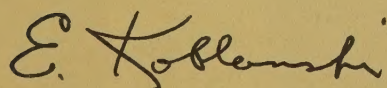
The accompanying notes are an integral part of these financial statements.



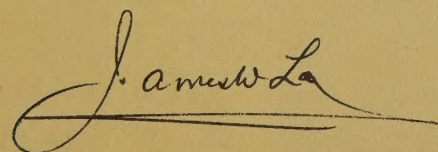
## Liabilities and Shareholders' Equity

	April 30 1969	April 30 1968
<b>Current Liabilities</b>		
Accounts payable — associated company .....	\$ 10,943	\$ —
— other .....	7,991	20,727
Amount owing to joint venture .....	3,369	40,840
	<u>22,303</u>	<u>61,567</u>
 <b>Shareholders' Equity</b>		
Share capital, Class 'A' common shares of no par value with a maximum issue price of \$3.00 per share.		
Authorized: 4,000,000 shares		
Issued: 3,750,064 shares (1968 — 3,250,064 shares) .....	1,567,506	932,506
Deficit .....	181,392	118,555
	<u>1,386,114</u>	<u>813,951</u>
	 <u><u>\$1,408,417</u></u>	 <u><u>\$ 875,518</u></u>

Signed on behalf of the Board:



Director



Director



# LYTTON MINERALS LIMITED

## Statement of Loss and Deficit

	Year Ended	April 30 1969	April 30 1968
<b>Corporate and Administrative Costs</b>			
Rent .....		\$ 4,800	\$ 4,800
Office and general .....		9,954	4,242
Telephone and telegraph .....		3,206	3,300
Transfer agent and listing fees .....		7,357	1,690
Professional fees .....		2,804	2,824
Amendment to articles of association .....		—	1,700
		<u>28,121</u>	<u>18,556</u>
Interest income .....		(26,339)	(7,999)
Loss for the year before write-offs .....		1,782	10,557
Joint venture exploration expenditures .....		11,437	26,344
Exploration costs on abandoned properties .....		49,618	9,837
Loss for the year .....		62,837	46,738
Deficit, beginning of year .....		118,555	71,817
Deficit, end of year .....		<u>\$ 181,392</u>	<u>\$ 118,555</u>

## Statement of Source and Application of Funds

	Year Ended	April 30 1969	April 30 1968
<b>Source of Funds</b>			
Issue of shares .....		\$ 635,000	\$ 375,000
Sundry .....		—	1,176
		<u>635,000</u>	<u>376,176</u>
<b>Application of Funds</b>			
Investment in Minas del Otoño, S.A. ....		442,106	164,349
Loans to Deas Lake Mines Ltd. ....		99,900	67,500
Fixed assets .....		1,764	202
Exploration and development expenditures:			
British Columbia .....		17,934	13,522
Yukon .....		12,923	—
Other .....		9,062	3,488
Loss for the year before write-offs .....		1,782	10,557
		<u>585,471</u>	<u>259,618</u>
Increase in working capital .....		49,529	116,558
Working capital, beginning of year .....		236,440	119,882
Working capital, end of year .....		<u>\$ 285,969</u>	<u>\$ 236,440</u>



# Notes to Financial Statements

## Investments in Mining Projects

The investments are shown at cost with the exception of the joint venture where amounts expended on abandoned properties have been written off.

### Minas del Otoño, S.A.

Minas del Otoño, S.A. (MINOSA) a Mexican corporation, owns certain mining properties in the State of Michoacán, Republic of Mexico. Under the terms of an agreement with the shareholders of MINOSA, the Company has the right to purchase in its name and in the name of Mexican citizens or companies designated by it, all the outstanding shares of the company. This purchase option expires on August 4, 1969 and approximately \$90,000 of the purchase price remains to be paid.

The laws of the Republic of Mexico require 51% of the issued shares of the company to be owned by Mexican citizens or by Mexican companies having the majority of their share capital owned by Mexican citizens approved by the Mexican authorities.

The investment in MINOSA is represented by the following:

	April 30	
	1969	1968
Unexpended funds in Mexico .....	\$ 34,000	\$ 15,000
Exploration and development		
Examination, cost of property acquisition .....	147,000	46,000
Mapping, sampling, surveying .....	106,000	31,000
Drilling .....	191,000	54,000
Supervision, travel, site costs .....	155,000	44,000
	<u>599,000</u>	<u>175,000</u>
	<u>\$ 633,000</u>	<u>\$ 190,000</u>

### Deas Lake Mines Ltd.

The investment in shares of Deas Lake Mines Ltd. represents a 44% interest in the company. Development of the property is being financed by loans from the Company and Mitsui Mining & Smelting Co. Limited, which holds an equal interest in the project. Since the loans (including interest at 6%) are repayable out of profits, no interest has been accrued by the Company. A summary of the audited financial statements of Deas Lake Mines Ltd. at April 30, 1969 is as follows:

	April 30	
	1969	1968
Assets		
Exploration and development		
Examination, cost of property acquisition .....	\$ 95,000	\$ 90,000
Mapping, sampling, surveying .....	46,000	35,000
Drilling .....	473,000	317,000
Supervision, travel, site costs .....	106,000	90,000
	<u>\$ 720,000</u>	<u>\$ 532,000</u>
Liabilities and Shareholders' Equity		
Net current liabilities .....	\$ 1,000	\$ 35,000
Loans from shareholders .....	422,000	200,000
Share capital, less deficit .....	297,000	297,000
	<u>\$ 720,000</u>	<u>\$ 532,000</u>



### Exploration and Development Expenditures

The exploration and development costs to date on properties being examined are as follows:

	April 30	
	1969	1968
Examination, cost of property acquisition .....	\$ 23,000	\$ 23,000
Mapping, sampling, surveying .....	20,000	20,000
Drilling .....	51,000	61,000
Supervision, travel, site costs .....	32,000	32,000
	<u>\$ 126,000</u>	<u>\$ 136,000</u>

### Share Capital

During the year ended April 30, 1969, 500,000 shares of the Company were issued for a total cash consideration of \$635,000.

### General

For comparative purposes, certain of the 1968 figures have been restated.

## Auditors' Report

Deloitte, Plender, Haskins & Sells

55 Yonge Street,  
Toronto 1, Ontario,  
July 21, 1969.

To the Shareholders of Lytton Minerals Limited:

We have examined the balance sheet of Lytton Minerals Limited as at April 30, 1969 and the statements of loss and deficit and of source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the company as at April 30, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Deloitte, Plender, Haskins & Sells*

Chartered Accountants







